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## Tax Intelligence

### Newly Enacted Job Creation Incentives

#### Situation

State legislatures are currently in session and are busy enacting bills to stimulate economic development within their borders. Several states have *recently created new incentive programs* to either attract or retain certain industries and to encourage additional job creation to enhance economic development opportunities.

#### Solution

Several newly enacted job creation incentives have been created over the past few months and include the following:

**Colorado** has enacted a new jobs growth incentive tax credit for companies that create and maintain a minimum number of new full-time jobs (20 in urban areas and 5 in rural areas) for a period of at least one year. Application is required prior to the commencement of the project. The company must demonstrate the project is competitive and would not occur “but for the credit allowed” by the state. The credit is based upon 50% of the incremental increase in Federal Insurance Contributions Act (FICA) taxes for the project. (*Effective for tax years on or after January 1, 2009*)

**Kansas’** Governor has signed the Promoting Employment Across Kansas (PEAK) Act which authorizes a diversion of employee personal income withholding taxes (up to 95%) to qualified companies (or third parties) that relocate operations into the state. The incentive period ranges from five to ten years in which certain wage and health insurance requirements must be met.

**Mississippi** has enacted an existing industry rebate where qualified manufacturers can apply for quarterly incentive payments equal to the lesser of 3.5% of wages or the income tax withheld. Qualified businesses must have operated in the state for at least two years and meet certain wage and minimum job requirements. Application must be made to the Mississippi Development Authority (MDA).

**North Dakota** provides a tax credit for businesses that continue to pay mobilized reserve or national guard employees. The credit is 25% of the reduction in compensation the employer continues to pay, capped at \$1,000 per mobilized employee.

#### Value

If your company is considering a new expansion or relocation of a facility that involves job creation or investment, please contact TALX to review the project for new incentive eligibility. With proper due diligence and proactive planning, considerable tax savings could be achieved.

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